

**Internal Control Assessment
FSA's Financial Statements / Footnotes.**

Purpose

To ensure that proper internal controls exist regarding FSA's preparation of its financial statements and footnotes.

Background

The Chief Financial Officers' Act (CFO Act), as amended by the Government Management Reform Act of 1994 (GMRA), requires federal agencies to submit annual financial statements that are audited by independent auditors, by March 1. FSA should prepare and publish complete, accurate, understandable, and meaningful information about its financial and operating performance.

FSA must add Notes (footnotes) to its financial statements to meet the requirements of full disclosure. These footnotes are used to inform users of the financial statements of items that impact the financial statements and are considered an integral part of the financial statements. FSA must prepare the notes in accordance with the guidance contained in OMB Bulletin 97-01 (Form and Content of Agency Financial Statements). In general, to facilitate the prompt completion of the financial reports, footnote text and pro forma schedules should be drafted by October 26, 2001 with the final footnotes and pro forma schedules due on November 13, 2001.

FSA's financial reporting goals are to achieve and maintain unqualified audit opinions for Departmental and Program Office financial statements, to strengthen financial controls, and to ensure that financial data produced for management decision-making is reliable, verifiable, and consistent with the annual audited financial statements.

Internal Control Standard

FSA must prepare and submit annual financial statements including footnotes by March 1 of the year following the end of the fiscal year.

Assessment of FSA's Compliance*

From inquiries and interviews we determined that FSA is timely reporting its annual financial statements and footnotes to the proper entity. We also have determined that the notes are prepared in accordance with the guidance contained in OMB Bulletin 97-01 (Form and Content of Agency Financial Statements).

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.